



THE UNIVERSITY *of* EDINBURGH

Edinburgh Research Explorer

Government support to regional food producers: an assessment of England's Regional Food Strategy

Citation for published version:

Gorton, M & Tregear, A 2008, 'Government support to regional food producers: an assessment of England's Regional Food Strategy', *Environment and Planning C: Government and Policy*, vol. 26, no. 6, pp. 1047-1060. <https://doi.org/10.1068/c0724r>

Digital Object Identifier (DOI):

[10.1068/c0724r](https://doi.org/10.1068/c0724r)

Link:

[Link to publication record in Edinburgh Research Explorer](#)

Document Version:

Peer reviewed version

Published In:

Environment and Planning C: Government and Policy

Publisher Rights Statement:

© Tregear, A. & Gorton, M. 2008. The definitive, peer-reviewed and edited version of this article is published in Environment and Planning C: Government and Policy. 26, 6, p. 1047-1060 (2008). DOI: 10.1068/c0724r

General rights

Copyright for the publications made accessible via the Edinburgh Research Explorer is retained by the author(s) and / or other copyright owners and it is a condition of accessing these publications that users recognise and abide by the legal requirements associated with these rights.

Take down policy

The University of Edinburgh has made every reasonable effort to ensure that Edinburgh Research Explorer content complies with UK legislation. If you believe that the public display of this file breaches copyright please contact openaccess@ed.ac.uk providing details, and we will remove access to the work immediately and investigate your claim.



Government support to regional food producers: an assessment of England's Regional Food Strategy

ABSTRACT

The rationale for, and impact of, government support to regional food producers is investigated through a case study of England's Regional Food Strategy (RFS). The headline target for the RFS is to increase the turnover of the quality regional food sector by 25 per cent over a five year period. The RFS also seeks to propagate wider benefits such as local economic development and aiding farms to shift to more environmentally friendly methods. The analysis indicates that the headline target is likely to be met comfortably. Producers that have received support under the RFS have performed better than non-beneficiaries and positive assessments of the business training and advice received are recorded. However the purported linkages with wider benefits are difficult to establish. Trade-offs between the competitiveness agenda of stimulating growth and meeting some wider policy goals are apparent.

1. Introduction

In recent years, local and regional foods have attracted increased attention from agrifood and rural economy scholars. Part of the attraction derives from the potentially beneficial roles that local and regional foods may play in the context of rural development. By moving away from commodity-based production to higher value, speciality foods, it is argued that farmers can capitalise on the 'quality turn' in food markets (Parrott *et al.* 2002; Goodman, 2003), targeting their products to discerning niches thereby increasing their incomes. Alternatively, by switching from mainstream to short, local distribution channels such as farmers' markets or direct sales, producers may achieve higher margins on their output (Ilbery and Maye, 2005a), develop stronger relations with end consumers (Renting *et al.* 2003), and a greater proportion of their products' value may be retained in the local area (Watts *et*

al. 2005). Furthermore, if the products concerned derive their distinctive character from the local territory, for example through the use of special local ingredients or traditional production practices, the potential is for production and distribution activities to become more strongly embedded in the local community, acting as stimuli for greater socio-cultural vibrancy (Ray, 1998; Brunori and Rossi, 2000). Since the 1990s, policymakers have increasingly recognised these potential benefits and have developed support mechanisms to encourage more local and regional food production. At the European Union level, for example, Regulation 2081/92 has been adopted, which offers protected food name status to producers of special quality foods linked to territory (Ilbery and Kneafsey, 2000; Parrott *et al.* 2002). Under this regulation the most revered southern European regional foods have legally protected geographical indications, specifically Protected Designation Origin (PDO) or Protected Geographical Indication (PGI). Such designations grant exclusive use of the geographical indication to, typically, a group of producers that operate within a tightly knit network. In 2003 meanwhile, the Department of Environment, Food and Rural Affairs (Defra) launched a Regional Food Strategy for England - a programme of funding support and policy initiatives designed to support and grow the regional food sector in this country (Defra, 2003).

The body of work on local and regional foods continues to grow and much of it is weighted in positive terms. Nevertheless, more balanced and critical accounts have begun to emerge on alternative food systems and their role in rural development, including those which attempt to distinguish between different types of local or regional food network (Hinrichs, 2000; Allen *et al.* 2003; Ilbery and Maye, 2005a; Ilbery and Maye, 2005b; Watts *et al.* 2005; Sonnino and Marsden, 2006; Feagan, 2007). Some question the magnitude of the 'quality turn' in food markets, indicating

that consumer demand for local and regional foods may be more limited than first thought (Weatherell *et al.* 2003), or at least more problematic (Winter, 2003). Others reveal that the use of territorial resources, such as foods, to generate local development can result in social conflicts and economic losses in rural areas, as actors with different motivations and strategies play off each others' interests (Hinrichs, 2000; Allen *et al.* 2003; Tregear *et al.* 2007). To date however, such critical accounts have tended to focus only on certain isolated aspects of food territorialisation and its implications for rural economies. In this paper, we seek to achieve a more wide-ranging analysis by investigating the issues from the perspective of policy support. Specifically, our aim is to critically evaluate the rationale for state intervention in regional food, using the Regional Food Strategy for England (RFS) as a case example. First, the paper presents a background to the RFS, including clarification of the concepts of local and regional food. Next, the methodology for the analysis is presented, including an explanation of the evaluation criteria used. Thereafter, the analysis is undertaken, focusing first on market failure and then non-market failure justifications for government support. The conclusion draws together the main findings and considers the implications for future policy support for regional foods in developed economies.

2. Background to the Regional Food Strategy

Before describing the emergence of the RFS, we first clarify the concepts of 'local' and 'regional' foods. Only the latter type of food is the target of support via the RFS (and also the EU protected food names scheme). Following Defra's own definitions of local and regional food (Defra, 2003), which form the basis of its policy strategies, 'local' food is defined as *'food both produced and sold within a limited geographical*

radius but which does not necessarily have any distinctive quality'. In contrast, 'regional' (sometimes described as 'locality') food is defined as *'food produced within a particular geographical area, and marketed as coming from that area... it may be sold within or outside that area [and] is perceived to have a distinctive quality because of the area or the method by which it is produced'*. From Defra's perspective therefore, regional foods are distinctive due to inherent quality characteristics linked to their place of production, rather than through specific types or lengths of distribution channel. Although some overlap is clearly possible between the concepts of local and regional food – some local food may be high quality and have a territorial identity, just as some regional food may be distributed through short chains – it is important to bear in mind that Defra's definition of regional food does not assume this type of food is distributed via any specific types or lengths of supply chain. To this extent, Defra's definition of regional food accords with the concepts of 'quality' or 'niche' foods as discussed by Ilbery and Maye (2005a) and Watts *et al* (2005), amongst others.

As highlighted in the introduction, policy interest in regional food grew throughout the 1990s in the context of the reform of the Common Agricultural Policy and developments in international trade negotiations, as European policymakers sought to divert agricultural producers away from direct subsidy support and into higher quality production, alternative supply chains and farm diversification (Commission of the European Communities, 1997). In the UK, these new policies differed markedly from those that dominated much of the 20th century, where the priority had been on ensuring food security through agricultural production maximisation and standardisation (Whetham 1978; Brassley, 2000), and consolidation of processing and marketing. The evolution was also somewhat in contrast to some

other EU countries such as France, where quality agrifood production - often linked to territorial distinctiveness - featured more prominently in policies during the 20th century (Murdoch *et al.* 2000; Parrot *et al.* 2002).

The more immediate stimulus for the RFS came in the aftermath of the foot and mouth disease crisis of 2001, when the Policy Commission on Food and Farming that was set up to propose far-reaching reforms to agricultural policy in light of the crisis, recommended development of a RFS within its wider package of proposals (Policy Commission on the Future of Food and Farming, 2002). In accordance with the Commission's guidelines, the RFS was jointly agreed by Defra, Food from Britain (FFB), the Regional Development Agencies (RDAs) and the Countryside Agency in January 2003. The headline target for the Strategy is to increase retail turnover of the quality regional food sector by 25 per cent by 1 April 2008 (from £3.7 billion in April 2003). This is to be achieved via support in three main areas: (i) *trade development* (e.g. organising 'meet the buyer events', giving support for exhibitions and fairs); (ii) *consumer awareness building* (e.g. supporting information campaigns and promoting food tourism); and (iii) *increasing competitiveness* (e.g. support to provide market intelligence and advice on production, design and marketing).

In terms of delivery, responsibility for the RFS is shared between FFB at the national level and the RDAs at the regional level. FFB, alongside its main remit of promoting British food exports, has for some years been responsible for developing the 'speciality' food sector via financial support of numerous Regional Food Groups (RFGs) such as Tastes of Anglia and North West Fine Foods. The RFGs are fee-paying membership clubs of high quality or speciality food producers. They are now the key vehicles for delivering support from the RFS, with approximately half of FFB's £1.2 million annual budget devolved to them. The Groups also receive funding

from their respective RDAs, who are required to specify a formal strategy for food in their economic development plans.

3. Evaluation Approach

In assessing the rationale for government support to regional food producers, this paper draws on the data of Elliott *et al.* (2005), an interim evaluation of the RFS to which the authors of this paper contributed.¹ The rationale for public expenditure given in the RFS is:

- i. An element of market failure: regional food producers are almost all Small and Medium Sized Enterprises (SMEs), and more often than not micro-operations. Their lack of scale means that they typically have insufficient resources to respond to market opportunities and are slow to increase competitiveness. Support can facilitate faster growth (from SME status into larger companies or into exporting).
- ii. Regional foods deliver public and policy benefits beyond those reaped by individual producers. Wider benefits identified in the RFS include: (a) creating jobs and prosperity for the local (principally rural) workforce, (b) keeping money in local economies as the sourcing of ingredients is chiefly local, (c) as many regional food producers are farm-based, regional foods offer an opportunity for farmers to diversify into added-value products which provide a more reliable source of income, which is less dependent on production subsidies, (d) the greater profitability of businesses (if diversifying into regional food) provides the necessary pre-condition for commercial farmers to be able to manage land in an environmentally

¹ The Elliott *et al.* (2005) study was conducted on behalf of Defra.

sustainable way, and (e) regional foods provide an important added value outlet for the products of traditional (and higher cost) farming systems that conserve landscape and biodiversity.²

The rationale for government support therefore rests on both the existence of market-failure (and the ability of intervention to correct it) and the generation of other, non-market benefits that stem from the RFS. The merits of both market-failure and other arguments for government support are assessed in Sections 4 and 5 respectively.

To assess the validity of Defra's rationale for the RFS, Elliott *et al.* (2005) drew on both a survey of regional food producers and in-depth interviews with selected owner-managers. In survey work, researchers are hampered by both the lack of a common definition of regional food producers and the absence of a comprehensive database of such enterprises. Regarding the first problem, Elliot *et al.* (2005) followed the Defra definition of a regional food producer and used this as a filter question in survey work so that only firms agreeing that they met the criterion were included. In terms of sampling, firms were selected from the membership lists of the RFGs, the Food and Drink Federation and a previous study (ADAS, 2003). To ensure a sample that was representative of the diverse range of regional food producers, quotas were placed on region and the total number of permanent employees. Data were collected via computer-assisted telephone interviewing, as this allowed for speedy collection of standardised information from a spatially dispersed population with a high response rate and the possibility for call-back (Proctor, 2005). 300 responses were collected in total. Quantitative data were collected on the

² It should be noted that reducing food miles (the distance food travels before it reaches consumers) is not included as a rationale for supporting regional food producers. This reflects DEFRA's scepticism towards food miles as an adequate measure of environmental impact and research which questions whether small-scale, local networks do indeed generate lower carbon emissions than centralised

performance of beneficiaries and non-beneficiaries of the RFS, awareness and impacts of RFS support and other food initiatives, and barriers to growth.

The key characteristics of Elliott *et al.*'s (2005) sample are as follows. The majority of firms are microbusinesses, which are defined by the Commission of the European Communities (1996) as those with less than ten full-time equivalent employees (52 per cent in the sample of regional food producers had between 1 and 4 full-time employees). 56 per cent of the sample had an annual turnover of less than £250,000 and the vast majority sell to local markets (defined as sales within a 30 mile radius of their business). The dependence on local markets and the preponderance of microbusinesses mirrors the findings of ADAS's (2003) study of the sector and DTZ Pida's (1999) analysis of speciality food producers in the UK.³ While the sector is characterised by the diversity of goods produced, the four largest categories, by number of firms, are: meat, dairy, bakery/confectionery and beverages (Figure 1).

In addition, Elliott *et al.* (2005) conducted interviews with twenty five owner/managers of regional food producers who participated in the survey. Respondents included both beneficiaries and non-beneficiaries of the RFS. The interviews elicited information on the barriers to growth, requested actions from government to alleviate impediments to growth, experiences of business support and, if applicable, reasons for not seeking external training and advice. The interviews were designed to better understand the motivations for taking up / not utilising government support and the importance of 'region' to business strategy. They were conducted either face to face or by telephone.

networks (AEA Technology, 2005).

³ Speciality food and drink products are defined by DTZ Pida Consulting as those which are 'differentiated from mainstream or commodity products, target niche markets and command a premium

4. Evaluation of Market Failure Based Arguments for Government Intervention

The most ubiquitous rationale for government intervention has been to correct market failure, where the latter is defined as a situation in which the behaviour of optimising agents in a market does not produce a Pareto optimal allocation of resources. The most common cause of market failure has been perceived to be imperfect information on the part of either consumers or producers.

Imperfect consumer information

Akerlof (1970) demonstrated that market failure may occur if buyers have insufficient information on which to make decisions. For example, if buyers cannot tell the difference between low and high quality versions of a good prior to purchase, good quality producers, because they incur higher costs but cannot obtain a premium for their goods (due to information asymmetry), will be driven out of the market. The market equilibrium that, therefore, emerges contains too high a proportion of low quality products (sometimes referred to as ‘lemons’). In this case government intervention may be warranted to maintain product diversity and certify standards (Beales *et al.* 1981).

Akerlof’s argument has been the most prevalent put forward in support of government intervention to establish geographic indication schemes such as PDO/PGI (Thiedig and Sylvander, 2000). The latter authors argue that regional food producers invest resources and effort up front in order to develop a good reputation for their regional name. Existing competitors and new entrants are tempted to make cheaper, substitute products under the same name in order to cash in on the reputation that has been established. Due to incomplete information, consumers are unable to distinguish

price’ (1999, p.28). Regional foods are therefore often classified as a sub-category of speciality foods

between both types. In such circumstances, ‘good’ regional food producers face two disadvantages. First, they incur higher costs and lower productivity than larger competitors because they focus on offering specific qualities linked to the geographic origin, so for example, they are constrained from widening the production area or reaping efficiency gains that would change the quality of the final product (Etablier and Delfosse, 1995). Second, they are often unable to fight legal battles because under normal trademark laws, it is the injured party that has to demonstrate tort, and if unsuccessful, pay all the legal costs (Babcock and Clemens, 2004). Due to these disadvantages ‘good quality’ regional foods are either driven out of the market completely or they have to compromise quality to match competitors. The EU PDO/PGI designations are intended to protect ‘good’ producers by preventing ‘bad’ producers from using geographical indications, and by giving ‘good’ producers greater legal recourse in the event of name misuse.⁴

In the British context there is some evidence that such market failure has occurred. For example the loss in quality and variety of British cheeses can be attributed, at least in part, to the unregulated appropriation of territorial product names (Blundel, 2002). However in the UK, company owned brand names are often a more important signal of quality for consumers, which through trademark protection cannot be copied. Therefore, what is important is whether consumers base their decisions on geographical origin (e.g. ‘Cheshire’ cheese), which may be subject to market failure if they cannot distinguish between producers offering such goods on an unrestricted basis, or whether they choose between competing goods based on companies’ brand names (e.g. ‘Bourne’s Cheshire’ cheese). Research addressing this question has

(Kupiec and Revell, 1998).

⁴ Under Regulation 2081/92 (PDO/PGI), public funds are used to: develop and maintain an EU register of protected product names; allow public bodies and nation states to intervene on behalf of injured

identified that consumer awareness of designations such as PGI/PDO and the criteria governing them is, in the UK, minimal (Tregear *et al.* 1998). In evaluating the authenticity of a regional food, consumers are far more likely to base their judgment on a product's physical attributes, heritage and place of purchase than official designations (Kupiec and Revell, 1998). The appeal of regional foods for consumers is most widely based on enhanced freshness, taste, nostalgia, to support local producers, a preference for natural and environmental friendly products and a desire to know more about where food is produced (Tregear *et al.* 1998; Tregear, 2002; IGD, 2005). Gaining PGI/PDO status is therefore in itself unlikely to influence most consumers' decision-making or how they evaluate the character of a particular product. Moreover, origin is rarely the most important attribute in consumer preferences for speciality food products (Kupiec and Revell, 1998). Drawing on Elliott *et al.*'s (2005) sample, Table 1 illustrates that English producers also have low awareness of, and engagement with, PDO/PGI. For instance, 61 per cent of English regional food producers sampled had not even heard of such designations.

Table 1 about here

The lack of uptake in part reflects an absence of knowledge but also a more fundamental difference. While PDO/PGI designations were designed for a southern European model of small-scale food producers operating collectively in production and marketing, the UK typically lacks such networks. Rather in Britain, regional foods are typically produced by largely autonomous individual firms (e.g. the last remaining ones in an area or new starts) (Tregear, 2001). This has hindered

party regional producers to assist their court cases; promote the scheme so as to improve consumer

applications from the UK (Ilbery and Kneafsey, 2000) and as indicated in Table 1 there is no evidence that the RFS has stimulated producer interest.

Imperfect Information on the part of Producers

Arguments concerning imperfect information have been applied to justify the provision of government funded business support and training. Acquiring information on which to make decisions may be particularly costly or difficult for certain businesses, particularly those that are new or small. The lack of appropriate information can lead to potentially advantageous investments being foregone and gains left unexploited. Under these circumstances government provided business advice and training may significantly improve performance. Elliott *et al.* (2005) attempted to evaluate the impact of support measures and from their sample of 300 regional food producers, over a two year period, 53 per cent had accessed public sector support. Those which had accessed support have performed better: 77 per cent of the beneficiaries of support had registered an increase in turnover, compared to 59 per cent of non-beneficiaries (Table 2). Given the headline target for the RFS of a 25 per cent increase in the turnover of participating businesses over the five year period ending April 2008, the figures in Table 2 suggest that is comfortably obtainable.

Tables 2 and 3 about here

The main support measures received have been business training and workforce development, assistance from a RFG and support exhibiting at regional or national shows. Yet causality is difficult to establish, it could be that high growth firms are

information and reduce risks of asymmetry.

more likely to seek out support rather than the support triggering improved performance. However, managers, questioned as part of the survey did positively rate most of the support they received (Table 3), whilst in in-depth interviews, the vast majority were able to identify specific benefits which had stemmed from external support, including increased orders, entry to markets and compliance with standards and regulations. Larger firms and those with a growth orientation are more likely to have utilised generic support services. The main challenges faced by such firms (entry into new markets, capital constraints, improving marketing competencies) are common to most SMEs. The main support agency used by these firms has been Business Link and it is difficult to discern how take-up would have been different without the strategy. The RFGs, with a more mixed membership base, were clearly seen as lead providers of networking, exhibiting at shows and website provision.

5. Non-market failure based arguments for government support

As highlighted in Section 2, Defra (2003) contends that the promotion of regional foods can lead to a range of wider socio-economic and environmental benefits, including assisting farmers to adjust to a less protectionist Common Agricultural Policy (CAP), improving incomes and creating job opportunities in rural areas, and encouraging a shift to more environmentally friendly food production. The merits of these arguments are discussed in turn.

Assisting farm adjustment

Defra (2003) contends that the RFS can help reduce farmers' dependence on production subsidies and thus facilitate the achievement of the Government's wider CAP reform agenda. The degree to which this will be accomplished will depend on

the extent to which farmers are involved in and benefit from ‘alternative supply chains’ and the nature of other policy measures. Regarding the latter, since the launch of the RFS, the CAP has been reformed with the introduction of the Single Farm Payment scheme, which decouples direct payments from production. This has the potential to fundamentally alter incentives to farmers and should stimulate interest in alternative production systems as it allows “farmers to produce what the market and consumers want, rather than what the subsidy regimes dictate” (Lord Whitty, 2004, p.1). This brings into question the rationale for the RFS to reduce farmers’ dependence on production subsidies when other policy reforms seek to achieve this in a far more comprehensive manner.

Using the RFS as a conduit for assisting farmers is further complicated by the fact that only approximately 40 per cent of RFG members have a direct involvement in agriculture (Table 4). While the share does vary across regions, being higher in specialist horticultural counties like Kent, Herefordshire and Worcestershire, it is nonetheless apparent that large numbers of regional food producers, such as confectioners, only have tenuous linkages with farming. This brings into question the notion of using the RFGs as vehicles to deliver benefits to farmers given that the latter represent a minority of members and that engagement by farmers in many downstream activities is modest.

Table 4 about here

Alternative Supply Chains and Rural Development

Alternative supply chains differ from conventional supply chains by being shorter and embrace a number of options such as farmers’ markets, farm shops,

forward integration into on-farm processing and box schemes (Ilbery and Maye, 2005b). Supporters of shorter supply chains see them as a potential mechanism for reconnecting with consumers and improving value-added, and hence promoting rural development (Marsden *et al.* 2000; Murdoch *et al.* 2000; Sonnino and Marsden, 2006; de Roest and Menghi, 2000). Interest in alternative supply chains has been stimulated by concerns that farmers in conventional arrangements are in a weak bargaining position *vis-à-vis* multiple retailers and an increasingly concentrated food processing industry (Competition Commission, 2000). Proponents of such alternative supply chains have looked to continental Europe, especially Italy, as providing a model for developing ‘quality led food networks’ (de Roest and Menghi, 2000).

Data from Elliott *et al.* (2005) indicate that the engagement of English regional food producers in alternative supply chains is widespread (Table 5). For instance own shop outlets (including mail order and box schemes to the general public) is the main sales outlet for 32 per cent of firms. Direct sales to independent retailers (including farm shops) and farmers’ markets are the most important marketing channels for 19 and 18 per cent of the sample respectively. In contrast, multiple retailers are the main outlet for only 8 per cent of firms. The RFS does not have, however, any explicit objectives or policies to encourage the development of alternative supply chains.

Table 5 about here

One reason why regional foods are often seen as a fruitful agent for rural development is that production can be highly embedded in the local economy, with producers having strong ties to geographically close suppliers (Marescotti, 2003).

Data from Elliott *et al.* (2005) confirm this: over 50 per cent of firms sampled source 75 per cent or more of their product ingredients from within a thirty mile radius (Table 6). On average, regional food producers source 61 per cent of their raw ingredients from local suppliers. The most important reasons for this are: so that they can deal directly with producers, support local farmers, know where ingredients come from and maintain product quality. The embedded pattern of input sourcing suggests that local multiplier effects would be higher than in most industries (Grimes, 1993). Such multiplier effects would be welcome in rural areas that are characterised by low incomes and poor alternative occupations. While the latter characterises some English localities in which regional foods are produced, far from all are situated in lagging regions. Sales are also skewed to local markets: for 52 per cent of firms sampled local markets account for more than 75 per cent of total sales.

Table 6 about here

However the relationships between alternative supply chains and rural development are not straightforward. For instance, many of the most revered and economically successful PGI/PDOs, such as Parma Ham, are marketed through conventional supply chains and sales via multiple retailers are vital for sustaining such a wide network of producers and curers. The opportunities for growth presented by independent retailers and farmers' markets are limited and rapid expansion may necessitate engagement with conventional supply chains, particularly multiple retailers. Indeed, for those firms located in sparsely populated and underdeveloped regions, survival, let alone growth, may require sales beyond local markets (Gorton, 1999). Furthermore, the trade development element of the RFS specifically seeks to

raise non-local sales and there is some evidence that this has been successful. From the 15 companies in Elliott *et al's* (2005) survey that had sought help with exporting, 9 identified that they had increased exports as a result of the support and 4 had entered other new markets. Only two firms identified that support with exporting had failed to bring any benefits.

Growth may also entail a weakening of the local embeddedness of supply chains in terms of sourcing. For example, one interviewee (fruit juice producer) noted that while they preferred to use local growers and had traditionally relied on them completely, to expand they had to source from further a field, including importing fruit.

Development may also endanger the perceived authenticity of the product. Analysis of consumer demand for regional foods suggests that some consumers have expectations about what these products represent not only in terms of physical quality, but also regarding production scale (small-scale), farming practices (extensive and environmentally friendly) and processing methods (artisan) (Tregear *et al.* 1998). By expanding production, a growing divide may emerge between what consumers perceive the production process should be and what it has become, endangering the credibility of product. In other words, an aggressive growth strategy may risk losing the very features that initially attracted consumers. Discussion of the dangers of growth or how it can be managed effectively so not to undermine long-term viability of the sector is not considered in the RFS. In fact the strategy pays little attention to the factors that underpin growing consumer demand for regional foods.

Environmental Benefits

The notion that the support of regional foods will help deliver environmental benefits is based on what Batie and Taylor (1989) call the expansion of ‘opportunity sets’, with regional foods, by generating an alternative income stream, allowing farmers to remove themselves from the ‘treadmill of production maximalisation’ and produce higher valued-added goods, less intensively (Pierce, 1993). According to this argument farmers have been locked on to a treadmill of low value-added commodity production that has contributed to a variety of environmental costs or externalities (Troughton, 1991) as market transactions for agricultural production generally do not reflect the entire costs involved in the use of land resources. There is no reason however, that promotion of regional foods will lead to less intensive agriculture *per se*, with fewer negative externalities. While many regional foods are produced in a more environmentally friendly manner, this is not universally the case. Data from Elliott *et al.* (2005) indicate that for only 26 per cent of firms sampled does their produce or the ingredients which they buy in have any environmental accreditation such as ‘organic’ or ‘conservation grade’. The lack of an explicit linkage with environmental criteria is also reflected in policy: neither the official EU authenticity marker of regional foods (PDO/PGI) nor Defra’s own definition of a regional food producer include any specific standards concerning the environment or welfare. Specific measures designed to alter environmental practices or linkages to wider policies on sustainability are absent from the RFS.

7. Conclusions

The headline target for the RFS, an increase in the turnover of the quality regional food sector of 25 per cent over a five year period, is, on the basis of Table 2,

likely to be met comfortably. The beneficiaries of support have performed better than non-beneficiaries and while causality is difficult to establish, quantitative (Table 3) and qualitative (in-depth interviews) assessments of support received are positive. It is likely therefore that the RFS has stimulated some growth in turnover. However, as most non-beneficiaries of support have also increased sales, the headline target may actually be achieved without any public assistance. It is not clear why the target was set at 25 per cent and the objective lacks precision: for example the RFS does not state whether growth should be measured in nominal or real terms.

The research highlights the diversity of products and firms within the sector. While many ‘regional’ foods are linked to other ‘desirable properties’ such as more environmental friendly production this is not universally the case. Both the Defra definition of a regional food producer and the criteria for PDO/PGI recognition do not hinge on the presence of other environmental, health or welfare claims. This implies that perceiving the growth of the regional food sector as *necessarily* achieving wider public policy objectives is questionable. While in many policy documents and much of the academic literature, regional foods are axiomatically treated as a ‘good thing’ a more nuanced approach is therefore called for.

Future policy should acknowledge the differences between regional food producers that follow, what could be classified as a *conventional business model* and others which embrace *alternative production* systems. Many regional food producers are substantial companies which eschew notions of ‘artisan’ or ‘cottage’ production. Their support needs and barriers to growth tend to be generic to those of other SMEs which are seeking to grow: entry into new markets, capital constraints, improving workforce skills etc. These needs are best met by generic support agencies although some sector specific expertise may be warranted to meet the standards of multiple

food retailers and export markets. These growth oriented firms are most likely to contribute to reaching Defra's headline target for the sector.

While those engaging in alternative supply chains are also diverse, they are more likely to be motivated by factors other than growth. Some firms in this category are part of highly embedded supply chains and satisfy the wider environmental objectives of the RFS (Ilbery and Maye, 2005a; Ilbery and Maye, 2005b). However their contribution to meeting the RFS's headline objective is likely to be more modest.

There is no evidence that the RFS has supported the growth of alternative supply chains and the trade development and competitiveness measures are designed to improve access to, and share of, conventional marketing channels. Survey data reveal that Business Link has been the most commonly used agency for business support and this has been received largely on a one-to-one basis. The remit of Business Link is similarly geared to a competitiveness and growth agenda. The RFS has not stimulated interest in PDO/PGI designations, producer knowledge of which remains low. The RFS in itself is therefore unlikely to lead to the production and marketing chains of English regional foods more closely resembling those of model Southern European systems. Rather the nature of support and its delivery further reinforces an individualistic approach.

In future policy-makers will have to decide whether government intervention should be focused predominantly on a competitiveness agenda of stimulating growth or whether environmental objectives and the stimulation of alternative supply chains should take precedence. This choice is important because although the RFS assumes that the meeting the former will necessary generate the latter, our analysis indicates that this may not, and often cannot be, the case.

References

ADAS 2003 *Market Research Report on Quality Regional Food Businesses*, Report for DEFRA, mimeo

AEA Technology (2005). The Validity of Food Miles as an Indicator of Sustainable Development, Report for DEFRA, mimeo

Akerlof, G.A. (1970). 'The market for 'lemons:' quality uncertainty and the market mechanism', *Quarterly Journal of Economics*, Vol.84, pp.488-500

Allen, P., FitzSimmons, M., Goodman, M., Warner, K. (2003). Shifting plates in the agrifood landscape: the tectonics of alternative agrifood initiatives in California. *Journal of Rural Studies*, 19: 61-75.

Babcock, B.A. and Clemens, R. 2004 Geographical indications and property rights: protecting value-added agricultural products. MATRIC briefing paper 04-MBP-7. Iowa State University.

Batie, S.S. and Taylor, D.B. 1989 'Widespread adoption of non-conventional agriculture: profitability and impacts', *American Journal of Alternative Agriculture*, Vol.4, No.3/4, pp.128-134

Beales, H., Craswell, R. and Salop, S. 1981 'The Efficient Regulation of Consumer Information', *Journal of Law and Economics*, Vol.24, pp.:491–539

Blundel, R. 2002 'Network evolution and the growth of artisanal firms: a tale of two regional cheese makers, *Entrepreneurship & Regional Development*, Vol.14, No.1, pp.1-30

Brassley, P. (2000). Output and technical change in twentieth-century British agriculture, *Agricultural History Review*, Vol.48(1): 60-84

Brunori, G. and Rossi, A. (2000). Synergy and coherence through collective action: some insights from wine routes in Tuscany, *Sociologia Ruralis*, 40(4): 409-423.

Commission of the European Communities (1996). *Commission Recommendation of 3rd April, 1996 concerning the definition of small and medium-sized enterprises*. C(96) 261 final

Commission of the European Communities (1997). Towards a Common Agricultural and Rural Policy for Europe. Brussels. Available at: http://ec.europa.eu/agriculture/publi/buck_en.

Competition Commission 2000 *Supermarkets: A report on the supply of groceries from multiple stores in the United Kingdom*, http://www.competition-commission.org.uk/rep_pub/reports/2000/446super.htm#full

Defra (2003). *Government Strategy on Regional Food*, <http://www.defra.gov.uk/foodrin/foodname/regional/regional01.htm> (last accessed 22nd August 2007).

DTZ Pida Consulting (1999). *UK Speciality Food and Drink Sector, 1999*, Report to Food from Britain and MAFF, Edinburgh: DTZ Pida Consulting

Elliott J., Temple, M.L., Bowden, C., Gorton, M. and Tregear, A. (2005). *Economic Evaluation of the Regional Food Strategy*. ADAS Consulting Ltd, Wolverhampton and University of Newcastle, Newcastle upon Tyne, UK.

Etablier, M. and C. Delfosse (1995). 'Genese d'une convention de qualite. Cas des appellations d'origine fromageres.' In: Allaire, G. and R. Boyer, (eds.), *La grande transformation de l'agriculture: lectures conventionnalistes et regulationnistes*, INRA, Paris.

Feagan, R. (2007). The place of food: mapping out the 'local' in local food systems. *Progress in Human Geography*, 31: 23-42.

Goodman, D. (2003). The quality 'turn' and alternative food practices: reflections and agenda. *Journal of Rural Studies*, 19: 1-7.

Gorton, M. (1999). Spatial variations in markets served by UK-based small and medium-sized enterprises (SMEs), *Entrepreneurship and Regional Development*, Vol.11, No.1, pp.39-55.

Grimes, S. 1993 'Indigenous entrepreneurship in a branch plant economy: The case of Ireland', *Regional Studies*, Vol.27, pp.484-489

Hinrichs, C. (2000). Embeddedness and local food systems: notes on two types of direct agricultural market, *Journal of Rural Studies*, 16: 295-303.

Ilbery, B. and Kneafsey, M. (1998). Product and Place: promoting quality products and services in the lagging regions of the European Union, *European Urban and Regional Studies*, Vol.5(4): 330-41

Ilbery, B. and Kneafsey, M. (2000). Registering regional speciality food and drink products in the United Kingdom: the case of PDOs and PGIs. *Area*, 32(3): 317-325.

Ilbery, B. and Maye, D. (2005a). Food supply chains and sustainability: evidence from specialist food producers in the Scottish/English borders. *Land Use Policy*, 22: 331-344.

Ilbery, B. and Maye, D. (2005b). Alternative (shorter) food supply chains and specialist livestock products in the Scottish-English borders. *Environment and Planning A*, 37: 823-844.

Ilbery, B., Morris, C., Buller, H., Maye, D. and Kneafsey, M. (2005). Product, process and place: an examination of food marketing and labelling schemes in Europe and North America. *European Urban and Regional Studies*, Vol.20(2), 331-344

IGD (2005) *The Local and Regional Food Opportunity*, Watford: Institute of Grocery Distribution

Kupiec, B. and Revell, B. 1998 'Speciality and artisanal cheeses today: the product and the consumer', *British Food Journal*, Vol.100, No.5, pp.236-243

Marescotti, A. 2003 Typical products and rural development: who benefits from PDO/PGI recognition? Paper presented at: Food Quality Products in the Advent of the 21st Century: Production, Demand and Public Policy. 83rd EAAE Seminar, Chania, Greece, 4-7 September

Marsden, T., Banks, J. and Bristow, G. 2000 'Food supply chain approaches: exploring their role in rural development', *Sociologia Ruralis*, Vol.40, No.4, pp.424-437

Murdoch, J., Marsden, T. and Banks, J. 2000 'Quality, nature, and embeddedness: some theoretical considerations in the context of the food sector', *Economic Geography*, Vol.76, No.2, pp.107-125

Parrott, N., Wilson, N., Murdoch, J. (2002). Spatializing quality: regional protection and the alternative geography of food. *European Urban and Regional Studies*, 9(3): 241-261.

Pierce, J.T. 1993, 'Agriculture, sustainability and the imperatives of policy reform', *Geoforum*, Vol.24, No.4, pp.381-396

Policy Commission on the Future of Farming and Food (2002). *Farming and Food: A Sustainable Future*, Report of the Policy Commission on the Future of Farming and Food, London.

Proctor, T. (2005), *Essentials of Marketing Research*, 4th edition, Harlow: Prentice Hall

Ray, C. (1998). Culture, intellectual property and territorial rural development. *Sociologia Ruralis*, 38: 3-20.

Renting, H., Marsden, T., Banks, J. (2003). Understanding alternative food networks: exploring the role of short food supply chains in rural development. *Environment and Planning A*, 35: 393-411.

Sonnino, R. and Marsden, T. 2006 Beyond the divide: rethinking relationships between alternative and conventional food networks in Europe. *Journal of Economic Geography*, Vol.6(2), pp.181-199

Thiedig, F. and Sylvander, B. 2000 'Welcome to the club? An economical approach to geographical indications in the European Union', *Agrarwirtschaft*, Vol.49(12), pp.428-437

Tregear, A. 2001 Speciality Regional Foods in the UK: An Investigation from the Perspectives of Marketing and Social History, University of Newcastle, unpublished PhD thesis

Tregear, A. 2002 Synthesis Literature Review WP4: Link between OLP and consumers and citizens, University of Newcastle, mimeo

Tregear, A., Arfini, F., Belletti, G., Marescotti, A. (2007). Regional foods and rural development: the role of product qualification. *Journal of Rural Studies*, 23: 12-22.

Tregear, A., Kuznesof, S. and Moxey, A. 1998 'Policy initiatives for regional foods: some insights from consumer research', *Food Policy*, Vol.23(5), pp.383-394

Troughton, M.J. 1991 'Agriculture and rural resources'. In: B. Mitchell, (ed.), *Resource Management and Development*, Oxford: Oxford University Press, pp.53-84

Watts, D., Ilbery, B., Maye, D. (2005). Making reconnections in agro-food geography: alternative systems of food provision. *Progress in Human Geography*, 29: 22-40.

Weatherell, C., Tregear, A. and Allinson, J. (2003). In search of the concerned consumer: UK public perceptions of food, farming and buying local. *Journal of Rural Studies*, 19(2), pp. 233-244.

Whetham, E.H. (1978). *The Agrarian History of England and Wales, Vol.VIII 1914-1939*, Cambridge: Cambridge University Press.

Whitty, L. 2004, Letter to farmers on major changes to CAP payments from January 2005, DEFRA, 14th May

Winter, M. (2003). "Embeddedness, the new food economy and defensive localism". *Journal of Rural Studies*, 19, pp. 23-32.

Table 1: PDO/ PGI Status of Regional Food Producers

	Total sample
Total	300
Yes, have PGI	4%
Yes, have PDO	3%
Applying for PGI	0%
Applying for PDO	1%
Aware of PDO / PGI, but do not have either	32%
Have not heard of these designations	61%

Source: Elliott *et al.* (2005)

Table 2: Change in turnover for beneficiaries and non-beneficiaries of support over previous 2 years

Change in turnover	Total sample	If Benefited From Support	
		Beneficiaries	Non-beneficiaries
	300	159	141
Decreased by more than 50%	1%	1%	1%
Decreased by 25% to 50%	0%	1%	0%
Decreased by 10-24%	0%	0%	1%
Decreased by 5% to 9%	1%	1%	0%
Decreased by less than 5%	3%	2%	4%
Stayed the same	27%	19%	35%
Increased by less than 5%	12%	11%	14%
Increased by 5% to 9%	12%	11%	12%
Increased by 10% to 24%	26%	33%	17%
Increased by 25% to 50%	13%	14%	11%
Increased by more than 50%	6%	8%	5%

Source: Elliott *et al.* (2005)

Table 3: Evaluation of the Usefulness of support received on a scale of 1 to 5, where 1 = Not at all useful and 5 = Very useful

	Business grants and support	Skills training and workforce development	Exhibiting at regional/national shows	Help with exporting	Support from RFGs	Listing in regional website
Total	75	60	43	15*	45	54
5 – Very useful	71%	58%	37%	53%	36%	22%
4	9%	23%	28%	20%	27%	22%
3	15%	8%	19%	20%	22%	26%
2	1%	3%	7%	0%	9%	22%
1 - Not at all useful	4%	7%	9%	7%	7%	7%
Mean score	4.4	4.2	3.8	4.1	3.8	3.3

Source: Elliott *et al.* (2005)

Table 4: Membership of RFGs and proportion with direct involvement in agriculture

Name of Regional Food Group	Number of Members	Number with direct involvement with agriculture	Percentage with direct involvement in agriculture
Northumberland Larder	105	45	42.9
North West Fine Foods	220	75	34.1
Heart of England Fine Foods	226	103	45.6
Yorkshire Regional Food Group	283	84	29.7
East Midlands Fine Foods	178	64	36.0
Produced in Kent	94	50	53.2
Hampshire Fare	125	60	48.0
Taste of Sussex	159	70	44.0
Total	1390	551	39.6

Source: own figures compiled from RFG directories

Table 5: Main marketing outlet for Regional Food Producers

	Number	%
Own shop outlet (including mail order and box schemes to the general public)	96	32
Direct sales to independent retailers, including farm shops	57	19
Farmers' markets	54	18
Wholesalers	36	12
Direct sales to caterers, hotels and restaurants	30	10
Multiple retailers	24	8
Public procurement (e.g. councils /schools / hospitals)	3	1
Total	300	100

Source: Elliott *et al.* (2005)

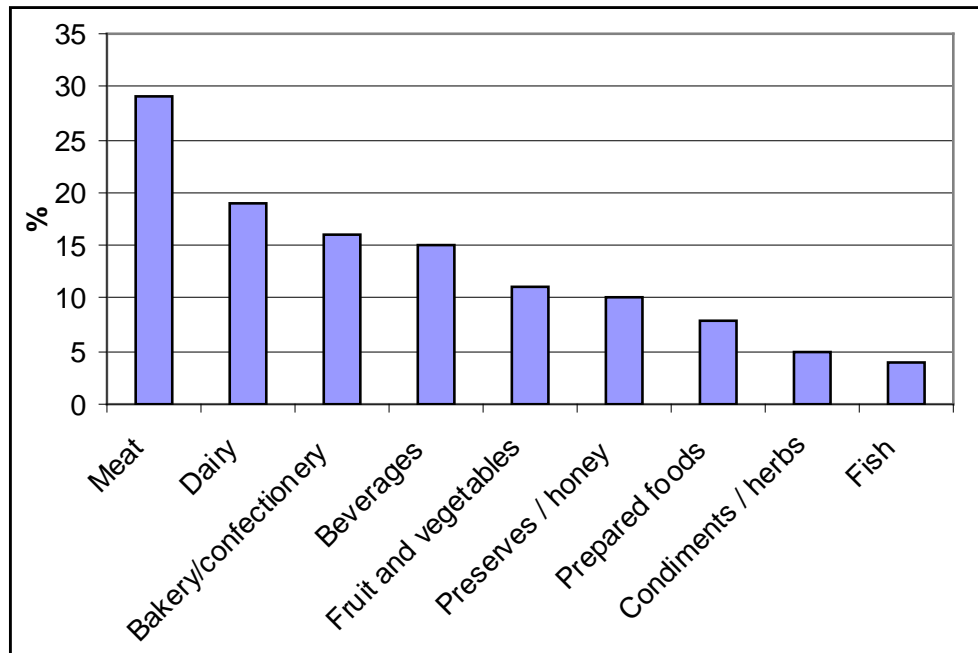
Table 6: Local sourcing and sales by regional food producers

	% of product ingredients sourced from local* suppliers	% of total sales to local markets*
None	16	3
Between 1 and 25%	16	22
Between 26 and 50%	10	9
Between 51 and 75%	9	15
Greater than 75%	50	52

* local defined as within a thirty mile radius of the firm's location

Source: Elliott *et al.* (2005)

Figure 1: Types of Regional food or drink produced



Note: producers may be engaged in more than one category

Source: data from Elliott et al. (2005)